

MAJOR FISCAL ISSUES

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House Committee on Appropriations
Jerry Luke LeBlanc, Chairman**

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GENERAL ISSUES

1) Budget Outlook

Current FY 98-99 Budget

The January budget status statement presented to the Joint Legislative Committee on the Budget reflects a balance of \$24.11 million based on the latest official forecast of the Revenue Estimating Conference. Despite that balance, Governor Foster has issued an executive order placing a freeze on hiring, travel, professional service contracts, supplies, and acquisitions and major repairs in most executive branch agencies. The Governor cited a potential shortfall due to a decline in oil prices and mineral bonus collections, declining tobacco consumption affecting tax collections, a \$27 million overrun in the Tuition Opportunity Program for Students (TOPS), and a \$6 million shortfall in funding for Sheriffs' Housing of State Prisoners as factors leading to the freeze order. The executive order implementing these spending restrictions exempts a number of activities, including most education spending, state parks, charity hospitals, Medicaid eligibility workers, and revenue collection activities. Additional steps to balance the current year budget may be necessary if oil revenues continue to decline.

FY 99-00 Budget

As in past years the continuation budget projection shows that spending necessary to continue all existing programs will exceed State General Fund projected revenues. The projection shows a shortfall of \$326 million in FY 99-00 and shortfalls in excess of \$350 million annually for the following three years. The official revenue estimate for FY 99-00 is \$5.979 billion, only \$76.5 million over the FY 98-99 forecast. This limited revenue growth is attributable to lower projected mineral revenues, loss of video poker revenues, and slowing national economic growth. While revenue growth is slowing, expenditure demands continue to increase. Projected additional requirements, in addition to normal inflation and classified employee merit increases, include required full funding of the Minimum Foundation Formula, increased state match for the Medicaid program to replace one-time funds, increased corrections spending, costs of the 27th pay period, growth in the TOPS program, and elections expenses. Other factors not included in the continuation budget projection are additional teacher and higher education faculty pay increases, economic development initiatives and programs funded previously by one-time funds, such as classroom technology, teacher supplies, overlay, and higher education deferred maintenance.

For the past three years, surpluses from prior years have been available to fund debt defeasance plans (to reduce future debt service payments) and cash capital outlay projects. These surpluses have contributed to increased flexibility in developing budget options. It is unlikely that a sizable surplus from FY 97-98 will be available for expenditure in FY 99-00. In fact, only an Attorney General's Opinion that \$86 million was erroneously transferred with the charity hospitals to the LSU Health Care Services Division has prevented the FY 97-98 budget from ending in a deficit. Such a deficit would have been required by law to be eliminated in the current year, leading to further budget reductions in FY 98-99.

Limited revenue growth, lack of surplus funds and increasing expenditure demands will require significant spending management to prepare a balanced budget for FY 99-00.

2) Capital Outlay Bond Sale/Cash Lines of Credit Summary

The FY 98-99 Bond Sale/Cash Lines of Credit limit imposed by the Legislature on the issue of general obligation bonds is \$363 million. That limit has been reached, with \$324 million in Priority 1 lines of credit and \$39 million in Priority 2 lines of credit granted by the Bond Commission. As a result of these limitations, \$85 million in Priority 2 projects cannot be funded in FY 98-99.

The cash needs for FY 99-00 associated with the projected reauthorization of Priority 5 funding for which non-cash lines of credit were granted as of the January Bond Commission meeting is \$153 million. Therefore, if the Legislature continues to adhere to its self-imposed annual debt limit of \$200 million, which applies only to general obligation bonds, then the total amount of funding for new projects for next fiscal year is projected at \$47 million.

In addition to the self-imposed debt limit, there is a limit on the issuance of net state tax supported debt imposed by Article VII, Section 6 of the Constitution of Louisiana. The limit is implemented by statute and by rules of the Bond Commission. As of the January meeting, the Bond Commission has not set the limit for the current fiscal year or the next fiscal year. The constitutional limit, as set by the Bond Commission, may be higher than the Legislature's self-imposed limit because the constitutional limit includes other types of debt as well as general obligation bonds.

3) Fiscal Impact of the Tobacco Settlement

In November 1998 the attorneys general of 46 states and other U.S. territories signed a settlement agreement with the five largest U.S. tobacco manufacturers, thus ending four years of litigation between the states and the industry. This Master Settlement Agreement settles all antitrust, consumer protection, common law negligence, statutory, restitutionary, equitable and injunctive relief alleged by any of the settling states and territories.

For settling its case, Louisiana will receive approximately \$4.4 billion over the next 25 years. *The agreement does not restrict use of these funds by the state.* No funds will be released to the states until at least 80% of the states representing 80% of the settlement value have dismissed their suits, or June 30, 2000, whichever is first. Payments will be escrowed until that time. It is possible that the 80% thresholds could be met in May or June, and thus the state could receive the first initial payment of \$54 million in the current fiscal year.

Two major streams of money yielding an estimated \$4.4 billion through 2025

Initial payments: Louisiana will receive five initial payments between 1999 and 2003, for a total of \$287 million.

Annual payments: The annual payments of the settlement funds will begin April 15, 2000, for a total of \$4.1 billion.

Year	"Initial" Payments due each January starting 1999 (\$ millions)	"Annual" Payments due each April beginning 2000 (\$ millions)	Total Payments each year (\$ millions)
1999	\$54		\$54
2000	\$56	\$89	\$145
2001	\$57	\$99	\$156
2002	\$59	\$128	\$187
2003	\$61	\$128	\$189
2004 -2007		\$158	\$158
2008 - 2017		\$161	\$161
2018 - 2025		\$181	\$181

Yet another funding source is the Strategic Contribution Fund, which will consist of an additional annual payment of \$861 million each year from 2008 through 2025. The allocation formula for these funds is not required to be determined until June 1999. Louisiana should fare well in the distribution given the strength of its case in relation to those of other states.

Adjustments to Initial and Annual Payments

All payments will be adjusted annually based on an *inflation factor* (at least 3%). Payments will also be subject to *volume adjustments* applied to reflect increases or decreases in tobacco manufacturers' operating income from the sales of cigarettes in the U.S., Puerto Rico and the District of Columbia. In the event that new federal tobacco-related legislation is enacted on or before November 30, 2002 requiring participating tobacco companies to make payments (settlement payment, tax or any other means) to the federal government, and some portion of that money is sent to the settling states either in unrestricted funds or in grants restricted to any form of health care or tobacco-related health care, those payments will be offset, dollar for dollar, from the annual payments to the states.

Federal Intervention Scenarios

Federal recoupment of Medicaid monies, as well as federal interference in how a state will spend these settlement funds, are real concerns for the states. The basis of the federal argument for a portion of the settlement funds is the contention by HCFA (the federal Medicaid agency) that the Social Security Act requires states to pay the federal government a share of any money they recover in Medicaid-related actions. This recoupment policy has been temporarily suspended. This issue is complex since the settlement involves claims concerning fraud, consumer protection and negligence, as well as health care expense. It is expected that once the U.S. Senate completes the impeachment trial, legislation to prohibit HCFA from recouping these monies will be taken up quickly by both houses in Congress. President Clinton has not yet committed to support or oppose such legislation. In the absence of successful legislative action, the President could direct HCFA to begin deducting monies from what they currently owe us in order to pay themselves back.

At this point in time, the more likely scenario involving federal intervention appears to be one in which Congress somehow legislates to coerce the states to spend 50% of their settlement funds on health care or risk some type of loss of federal funding. In any event, the federal issue and what deal is ultimately offered to the states, is expected to remain fluid over the next couple of months.

Present Louisiana Law on Dedication of Tobacco Settlement Proceeds

There is presently only one statutory dedication out of the tobacco settlement monies. The first \$10 million received by the state each year must be deposited into the Children's Health Insurance Support Fund. These monies are limited to use by the Dept. of Health and Hospitals for support of the LaCHIP program.

4) Land-based Casino

The state through the Louisiana Gaming Control Board has entered into an amended and renegotiated casino operating contract with Harrah's Jazz Company and Jazz Casino Company. Under the terms of the contract, the casino operator will pay to the board a minimum amount of \$100 million per full fiscal year in daily payments. For the first and last years of operation the minimum payment is the daily payment times the number of days of operation. The projected opening date of the casino is the end of October 1999 which would result in payments of approximately \$67 million in FY 99-00.

R.S. 27:270(A)(3) (Act 1359 of the 1997 Regular Session) provides for the distribution of revenues from the land-based casino which are received by the state. The distribution is as follows:

- 1/3 to be deposited in the Capitol Complex Master Plan Fund until deposits have reached \$150 million; thereafter, this 1/3 would be credited to the Casino Gaming Proceeds Fund.
- 1/3 to be deposited in the Budget Stabilization Fund.
- 1/3 to be used for making additional payments against the unfunded accrued liability of statewide public retirement systems.

5) Year 2000 Requirements

State agencies continue to attempt to address the Year 2000, or Y2K, problem. Many older computers store dates as six digit numbers, for example January 1, 2000 is stored as 01/01/00. For this reason the year 2000 is indistinguishable from the year 1900 which can affect various calculations. Executive Order 96-50 required agencies to take corrective actions by July 1, 1999 to ensure that services would not be interrupted due to year 2000. A \$5 million funding pool in the current year provided resources to address specific Y2K compliance problems in state agencies. The Division of Administration now submits a monthly report to the Joint Legislative Committee on the Budget on the compliance status of mission critical applications in each department. The plan anticipates almost complete implementation by July 1, 1999 with contingency planning to be completed in the fall of 1999.

For FY 99-00 some departments have requested funding for costs associated with Y2K, often as a component of other system or equipment upgrades. For example, the Office of Mental Health requested \$2.1 million to replace 6 servers and 82 workstations and upgrade software for 350 workstations related to Y2K compliance. The Department of Health and Hospitals requested \$1,000,000 for validation of fiscal intermediary system Y2K and \$3.5 million for other system and equipment upgrades that would enhance compliance.

Another Y2K factor affecting state agencies is the difficulty of hiring and retaining computer personnel due to the high demand for such personnel to make Y2K-related system changes.

K-12 EDUCATION

1) Department of Education (DOE)

\$130 million

The DOE FY 99-00 Budget Request contained new or expanded service concepts totaling \$96 million in State General Fund and 60 positions. Subsequently, that request was subdivided into expenditures associated with the School and District Accountability Program and other DOE priorities. The DOE Accountability-related expenditure increases are:

	<u>Amount</u>	<u>Positions</u>
High Stakes Remediation	\$8 million	1
Testing	2 million	0
School Improvement Grants	3 million	0
Distinguished Educators	1 million	0
Teacher Training	3 million	0
School Accountability and Assistance	300,000	2
Development of the La. Ed.		
Accountability Data System (LEADS)	<u>1.7 million</u>	<u>15</u>
Subtotal for Additional		
Accountability Requests	\$19 million	18

The second portion of the DOE funding requests are other flow-through funds as well as funds to address DOE personnel and acquisition needs. These requests are as follows:

Early Childhood	\$10 million	4
Leadership Development	900,000	5
Alternative Schools	7 million	0
Classroom Based Technology	25 million	0
Market Adjustment for Education Classes	580,000	0
Market Adjustment for Technical/IT Classes	495,000	0
Year 2000 Department-wide PC Compliance	560,000	0
School Transportation	318,000	6
Early Intervention Coordinators	0	10
Teacher Pay Raise	<u>66 million</u>	<u>0</u>
Subtotal for other DOE Priorities	\$111 million	25

High Stakes Remediation

DOE is requesting \$8 million in additional funding because the Grades 4 and 8 criterion reference tests are more rigorous and it expects that significant numbers of students will require some intervention. Various types of intervention pilot programs are being conducted at the local level, including early intervention and summer school programs, with \$2 million in State General Fund and \$1 million in 8(g) funds in FY 98-99. In addition, there are state and local costs for remediation included in the MFP but those costs are not separately identified. Remediation was a separate weight prior to FY 97-98 but was then folded into the At-Risk Weight which increased in value from 15% to 17% of the Base Per Pupil Amount. Based on the preliminary estimates for FY 98-99, the At-Risk Weight generates approximately \$222 million in costs with remediation accounting for \$26 million of that sum. Due to the state-local sharing of Level 1 Costs (65%-State and 35%-Local), the state-funded portion of the \$26 million remediation cost is approximately \$17 million.

Testing

Testing is budgeted \$4 million in State General Fund and \$1.7 million in 8(g) funds in FY 98-99. LEAP for the 21st Century is scheduled to test Math and English in Grades 4 and 8 this spring. Science and Social Studies will be phased-in in spring 2000. DOE is estimating LEAP 21 cost for FY 99-00 at \$7.6 million.

School Improvement Grants

DOE has received \$3.4 million in Comprehensive School Reform Demonstration Federal funds for FY 98-99 and believes it will receive additional Federal funds for school reform over the next two years. DOE is seeking \$3 million in State General Fund for schools that are placed in Level 1 Corrective Action. Any school that has a School Performance Score of 30 or below will be given the performance label of Academically Unacceptable and be placed in Level 1 and will be able to qualify for grants. The school will work with a District Assistance Team to identify needs, redevelop the school improvement plan and examine use of school resources.

Distinguished Educators (DEs)

In FY 98-99 DEs are budgeted \$169,000 in State General Fund and \$250,000 in 8(g) funds. The additional \$1 million is proposed for DE salaries, benefits and travel (\$884,650), operational expenses (\$86,400) and acquisitions of laptops and printers (\$60,000). DE's will be assigned to the lowest performing Academically Unacceptable School in each of the 8 regions in the pilot years. DEs will be

individuals who are currently certified as educators in Louisiana, have five years of experience in education and have worked within the education field during the last three years. A minimum of 12 regular and 8 alternate DE's will be selected for the pilot program and will continue to be employees of the school systems in which they are presently employed.

Teacher Training

DOE is developing teacher training proposals to ensure that teachers are familiar with the new content standards. FY 99-00 funding of \$3 million is requested.

School Accountability and Assistance

School Accountability and Assistance is seeking \$300,000 and two positions to provide training for Distance Assistance Teams composed of system personnel and other individuals.

Louisiana Educational Accountability Data System (LEADS)

The La. Educational Accountability Data System will create and implement an integrated data management system that will be used to populate a data warehouse that will in turn function to fulfill requests for information. Personnel costs for 15 employees (\$644,507), operating expenses (\$90,601), professional services (\$500,000) and acquisitions (\$500,000) are included in this request for \$1.7 million.

2) Minimum Foundation Program (MFP)

\$88 million

Preliminary DOE reports indicate that the student population has declined from 765,383, the unadjusted October 1, 1997 student count, to 753,722 for the FY 98-99 school year. This is a 11,661 pupil reduction. While this reduces the cost of Level 1, which is pupil driven, Local Revenue grew by \$125 million, a 9% increase which provides for more matching state funds in Level 2. The cost of the FY 98-99 MFP is \$2.187 billion, \$5 million less than the appropriated amount of \$2.192 billion. This cost will be further reduced by student audit adjustments of 1,543 students and \$3,411,397. More than \$8 million will revert to the state treasury from the MFP appropriation in the current year.

The Education Estimating Conference met on January 21, 1999 and adopted a weighted student membership reduction of 2,500 and local property and sales taxes increases, each of 7%, for FY 99-00. With a projected student audit adjustment of \$2.3 million, the FY 99-00 MFP is estimated to cost \$2.280 billion.

Next Year's MFP Increase Using the FY 98-99 Appropriated Amount as the Base	
FY 99-00 Estimated MFP Cost	\$2,280,433,183
FY 98-99 MFP Appropriation	<u>\$2,192,578,998</u>
Difference	\$87,854,185

Next Year's MFP Increase Using the FY 98-99 MFP Budget Letter as the Base	
FY 99-00 Estimated MFP Cost	\$2,280,433,183
FY 98-99 MFP Budget Letter	<u>\$2,183,801,750</u>
Difference	\$96,631,433

When using the FY 98-99 Appropriation as the Base, the increase in MFP funding for FY 99-00 is approximately \$88 million. However, when the FY 98-99 MFP Budget Letter is used as the Base, the increase is \$96 million. The MFP Budget Letter is the official notification from the State Department of Education that informs each of the 66 school systems of the actual funding to be received for the year. Because the FY 98-99 MFP Budget Letter is less than the Appropriated Amount, approximately \$8.8 million in SGF will revert to the State Treasury.

Considerations for MFP Inclusion

Academic Accomplishments

Frequently, the MFP is criticized because it does not accentuate positive achievement. One method by which a measure of student achievement could be a part of the MFP is to add a weight which recognizes some form of student achievement. During 1998, approximately 1,622 students, out of a total of 786,000 public school students in Louisiana, took Advanced Placement exams. Some students took more than one exam. The total number of AP Grades of 3, 4 and 5 totaled 1,442. West Virginia, which has a student population of 303,000, actually had 2,059 students taking AP exams. The total number of AP Grades of 3, 4 and 5 in West Virginia totaled 1,651, 200 more than Louisiana.

A weight placed in Level 1 could encourage school systems to promote activities and programs like AP or other academic endeavors. Thus, the MFP would be including an element based on outcomes instead of simply a head count

COMPARISON OF PUBLIC SCHOOL ENROLLMENT AND PUBLIC SCHOOL ADVANCED PLACEMENT PROGRAM PARTICIPATION BY STATE				
	Public School Enrollment Fall 1996	Total AP Candidates 1998	Total AP Exams 1998	Number of AP Grades 3 to 5 1998
Alabama	741,110	4,972	7,275	3,926
Arkansas	456,468	2,465	3,724	1,954
Delaware	110,549	975	1,493	887
Florida	2,241,411	31,758	53,976	28,801
Georgia	1,321,239	13,362	19,978	11,243
Kentucky	635,718	4,818	7,195	3,320
Louisiana	786,375	1,622	2,354	1,442
Maryland	818,583	12,372	19,159	13,615
Mississippi	503,967	1,878	2,687	1,093
North Carolina	1,199,962	15,677	24,767	14,386
Oklahoma	621,000	3,893	5,915	3,429
South Carolina	644,007	9,269	14,921	8,090
Tennessee	891,535	6,088	9,130	5,609
Texas	3,828,975	40,104	66,968	37,755
Virginia	1,096,093	20,145	33,812	22,029
West Virginia	303,441	2,059	2,968	1,651
South	16,200,433	171,457	276,322	159,230

Source: THE COLLEGE BOARD and NEA Rankings of the States

Revisit the 70% Instruction Compliance Provision

The 70% Instruction Compliance portion of the MFP serves as an overall measure of a school system's compliance but it does not serve as an indicator of how funds are budgeted within a school system for each school site. Although a per pupil district average is frequently shown alongside the 70% compliance data, per pupil amounts for school sites do not exist. A recent DOE report, however, attempts to allocate instruction, instructional support and school administration expenditures to school sites. When the data are reviewed, there are 42 school systems where the difference between the lowest school expenditure per pupil amount and the system average ranged between 30% and 20%. Ranges also exist within school systems between high and low per pupil expenditures.

3) Tuition Opportunity Program For Students (TOPS)

\$50 million

The January 11 TOPS projection indicates that an estimated 26,856 students will receive awards during FY 98-99, an increase of 11,842 over the previous June estimate. TOPS is currently budgeted \$36.2 million for awards. The projected FY 98-99 cost is \$65 million.

FY 99-00 TOPS projections presently indicate that 35,000 awards will be made with an associated cost of \$86 million. The increase in cost for TOPS awards from the FY 98-99 budgeted amount of \$36 million is approximately \$50 million.

An issue that should be considered is the effect of the federal HOPE education tax credit on state student financial aid policy. This tax credit is for the payment of student tuition and is worth up to \$1,500 for each of the first two years of postsecondary education for persons enrolled at least half-time at eligible institutions. Relative to TOPS, whether or not a taxpayer will be able to benefit from this federal tax credit for 1998 income tax purposes depends on how tuition award payments from the state are accounted for and reported to others by individual colleges and universities. The Louisiana Student Financial Assistance Commission, as required by state law, is in the process of developing guidelines and procedures permitting a TOPS award to be applied by a college or university toward payment of the student's room and board charges, rather than tuition. Other payments by the student or the student's parents could then be applied toward tuition and such payments could qualify the student or his parents for the federal education tax credit.

4) Teacher Pay Increases

\$199 to \$222 million

Depending on which states are included in the average teacher salary comparisons, the amount needed ranges from \$222 million when all 16 SREB states are in the average, to \$219 million if Delaware is excluded, to \$199 million when both Delaware and Maryland are excluded.

HIGHER EDUCATION

1) Funding Formula for Higher Education

\$230.7 million

As a continuing effort from last year, the Board of Regents is revising the funding formula for higher education and intends to have a finished product by mid-summer. The formula is made up of two components, a *Workload Component* and a *Mission Component*.

The *Workload Component* projects a base funding level for all formula institutions based on student enrollment, the type of courses taken, utilities, operation and maintenance, and other factors related to the providing of instructional services. These variables are computed in a basic factor chart to arrive at a base funding level for each formula institution.

The *Mission Component* compares the total funding level derived from the *Workload Component* to the student funding level of ten peer institutions from ten separate Southern Regional Education Board (SREB) states. The selection of peer institutions is based on thirty-four criteria. Based on the funding level of the peer institutions, an adjustment is made to the base funding level derived by the *Workload Component*.

A total funding level is derived after the *Mission Component*, or peer adjustment, is made to the funding level from the *Workload Component*. Of the total funding level, the state is asked to fund 70% for four-year institutions and 75% for two-year institutions with tuition/fees covering the remaining portion. For FY 99-00, the Board of Regents is requesting an additional \$230.7 million dollars to fully fund the formula (See Exhibit 1).

2) Regents Incentive Funding

\$15 million

In addition to the formula funding request, the Board of Regents is requesting \$15 million for an incentive fund. The incentive fund equals approximately 2% of the funding request as calculated by the formula. Funds from the incentive fund are to be awarded based on instructional improvement and student learning as institutions carry out their respective missions.

Staff at the Board of Regents are still developing the criteria for measuring the performance of institutions and the mechanics as to how monies would be awarded. For example, it is still unknown whether or not the performance of institutions will be based on previous year's data or benchmarks in the up-coming fiscal year. Additionally, distinguishing the measuring of institutional performance for the incentive fund from the institutional performance required for justification of base funding must be resolved.

Exhibit 1			
FY 99-00 Funding Request for Formula Institutions			
University/College	FY 98-99	Formula Implementation	FY 99-00 Request
Grambling	\$20,579,549	76.19%	\$27,011,381
La Tech	\$33,342,160	72.04%	\$46,283,999
McNeese	\$20,835,050	66.39%	\$31,381,835
Nicholls	\$19,479,666	69.09%	\$28,193,420
Northeast	\$33,286,342	68.74%	\$48,426,481
Northwestern	\$22,143,121	61.16%	\$36,207,033
Southeastern	\$31,319,044	52.78%	\$59,341,748
USL	\$45,998,981	61.50%	\$74,789,360
LSU-A	\$5,169,373	96.31%	\$5,367,574
LSU-BR	\$132,663,110	75.50%	\$175,706,541
LSU-E	\$4,641,733	71.06%	\$6,531,847
LSU-S	\$10,141,035	68.32%	\$14,844,436
UNO	\$39,320,938	62.42%	\$62,996,866
LSU-Law	\$4,992,872	48.44%	\$10,307,216
Southern U-BR	\$42,880,652	83.36%	\$51,442,070
Southern U-NO	\$10,431,730	66.64%	\$15,652,726
Southern U-S	\$4,512,745	101.18%	\$4,460,084
Delgado CC	\$22,276,995	70.87%	\$31,434,268
Nunez CC	\$3,582,823	74.15%	\$4,831,593
Bossier Parish CC	\$9,652,492	112.24%	\$8,599,817
Baton Rouge CC	\$4,015,136	66.12%	\$6,072,500
South Louisiana CC	\$1,438,282	63.77%	\$2,255,500
River Parishes CC	\$0	N/A	\$1,214,500
TOTAL	\$522,703,829		\$753,352,795
Difference FY 98-99 from FY 99-00			\$230,648,966

3) Bringing Instructional Faculty Salaries to the SREB Average \$20 million

The Governor's Office has indicated that funding for faculty pay raises will not be included in the executive budget for FY 99-00 and that the universities and colleges should explore ways to fund faculty pay raises within their existing budgets. Based on FY 97-98 SREB data, it would take an additional \$20 million to raise the salary of instructional faculty to the SREB average. Staff at the Board of Regents indicate that \$63.5 million would be required to raise instructional and non-instructional faculty to the SREB average. However, the staff also indicate that this data (from the institutions) has not yet been audited and that the funding amount may be subject to change once Regents finishes collecting and analyzing salary data for all of higher education.

4) Regents Pool Fund for the Creation/Expansion of Community Colleges	\$2.5 million
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This funding is similar to the current funding pool and is designed to accommodate the start-up costs of new and/or expanding entities which cannot be accurately anticipated at this time. This funding request by the Board of Regents is above and beyond the base funding allocated to the existing community college budgets. These funds would be distributed based on documented student enrollments and program need in accordance with a plan developed by the management boards and adopted by the Board of Regents. The community colleges who would be eligible to receive funding from this funding pool are the Baton Rouge Community College, the River Parishes Community College, the West Jefferson Learning Center, the South Louisiana Community College, and other potential start-up entities.

5) Board of Supervisors for Community and Technical College System	unknown \$
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Act 170 of the 1998 Special Legislative Session, approved by the voters as a constitutional amendment, created the Board of Supervisors for the Community and Technical College System. The new board was created to oversee the management of all two-year community colleges, excluding LSU-A, LSU-E, and SU-Shreveport, and all the vocational-technical colleges. Effective July 1, 1999, Delgado, Nunez, Bossier Parish, South Louisiana, Baton Rouge, and River Parishes Community Colleges along with all the vocational-technical colleges will transfer to the new board. The Board of Regents was appropriated \$500,000 for FY 98-99 to fund expenditures associated with setting up the new board and has requested \$500,000 for FY 99-00 for the new board. However, the final funding level cannot be determined until the board assesses its staffing needs in managing the community and vocational-technical colleges under its jurisdiction.

LSUMC-HEALTH CARE SERVICES DIVISION (CHARITY HOSPITALS)

By a Memorandum of Understanding, effective July 1, 1997, LSUMC has agreed to administer the Charity Hospital system without requesting any increase in Medicaid and Uncompensated Care revenues through FY 99-00. The following table summarizes certain adjustments requested to be funded by State General Fund.

Hospital or Budget Unit	Request	Amount
System-wide	Additional Physical and Occupational Therapy Coverage (E.A. Conway, H.P. Long, W.O. Moss, and Lallie Kemp hospitals) due to rapidly increasing demand	\$688,929 10 positions + prof. services contracts
System-wide	Other Adjustment: to maintain LSUMC and Tulane House Officer salaries at the Southern regional average	\$260,543
System-wide	Disease Management Initiative: This initiative targets 4 specific chronic illnesses (asthma, diabetes, congestive heart failure, and HIV/AIDS) and includes the new HIV combination therapy, medications for the other ailments, product and service standardization, and the implementation of critical pathways treatment. The costs include physician contracts, Nurse/Case Mgr. Positions & drug dispensing fees	\$5,267,639 12 positions
System-wide	Cancer Screening Initiative: for breast/cervical and prostate cancer screening with University MC and EA Conway as pilot sites. Additional mammography screening programs would also be added at Washington-St. Tammany MC and W.O. Moss MC	\$5,278,106 68 positions
System-wide	Expansion of Primary Care services: This would include the expansion of clinic hours as well as additional staff to cover corresponding increase in demand for lab, radiology, nursing, and general support services.	\$15,674,411 187 positions (56 at Charity- NO & 39 at EA Conway)
Administration	Additional Reimbursement Officers: to reduce dependence upon capped Uncompensated Care \$\$\$	\$153,000 3 positions
Charity Hospital-NO	Rising expense associated with the procurement of new blood plasma product (virally inactivated)	\$699,075
E.A. Conway MC	Increase in MRI services (from 377 in FY 97 to 654 in FY 98)	\$320,000
Earl K. Long MC	Additional staff for dialysis unit due to increased number of Correctional Center inmates requiring dialysis services	\$208,116, 4 positions
Huey P. Long MC	Increased Faculty positions in Patient Care (professional services increase)	\$1,676, 135
L.J. Chabert MC	Additional non-teaching staff for Ob/Gyn and Internal medicine residency programs (as mandated by residency accreditation organizations)	\$340,000
Washington-St. Tammany RMC	Increase in hourly rate for emergency room physicians and support staff contract	\$302,100

EXECUTIVE DEPARTMENT

1) Governor's Office Various

\$7.5 million

The Executive Department FY 99-00 Budget Request contains increases in several of the programs administered by the Governor's Office totaling approximately \$7.5 million. These include the following:

\$1.5 million increase for the Oil Spill Coordinator's Office to expand the GIS Mapping System to fund Phase II of the Statewide Color Infrared Digital Orthophoto Quarter Quadrangles (DOQQ) project. These State General Fund dollars will attract an additional \$2,117,000 in Federal funds. Information will be used by various state and private entities including the Departments of Agriculture and Forestry, Transportation and Development, Public Safety and Corrections, Environmental Quality, Wildlife and Fisheries, Natural Resources, Education, the Louisiana Municipal Association, and the Police Jury Association of Louisiana

\$1 million increase for the Office of Urban Affairs and Development for local grants. Existing budget is \$8,630,000. Grants for FY 98-99 totaled \$7,864,287.

\$1 million increase for the Office of Rural Development for local grants. The grant program was appropriated \$8,975,213 for FY 98-99 (not including earned interest of approximately \$400,000). An additional \$1 million was appropriated for off-system bridges.

\$2.5 million increase for the Indigent Defender Board for existing services. This includes \$99,000 to perform program audits, \$500,000 to increase grant disbursements based on the inclusion of all 41 judicial districts, \$6,100 for the increase in filing of non-capital felony appeals, \$148,643 for the increase in capital conviction appeals, \$200,000 for the increase in capital cases prosecuted, \$325,410 for capital conflict cases, \$850,000 for legal and ancillary services for individuals on death row who have exhausted all direct appeals, \$43,500 for a consultation program for capital cases, \$147,785 for the cost of expert witnesses, \$189,750 for technical assistance to the 41 judicial districts.

\$658,977 for the Indigent Defender Board to initiate a new program in the area of Juvenile Justice to network the state's juvenile offenders to improve services; training will offer technical assistance and work with social services, children in need of care, and families in need of care

\$881,295 increase and 2 new positions for miscellaneous items including \$35,000 for operating expenses of the Governor's Mansion , \$100,000 for renovations to the 5th and 6th floor, \$45,000 for purchase and upgrades of computers, \$260,000 for basic operating services, \$30,000 for increased travel by the Governor, \$75,000 for supplies, \$7,200 for the litter program, \$25,000 for conferences, \$7,800 for Franco Fete, \$85,000 for an attorney, \$35,000 for a Policy Analyst, and \$196,295 for professional services contract with Public System Associates to analyze and design the computer network, recommend upgrades, develop training programs and design and implement an MIS strategy (total contract \$350,000).

2) Isis Human Resources System

\$5.3 million

Professional Services Contract (\$1.9 million)

The design and implementation of the ISIS Human Resources System began in FY 98-99. The software package has been selected and is being purchased. The DOA has also completed a Request for Proposal to select a business partner to assist the State Project team with the design and implementation phase of the project. Once the partner is selected, the DOA will enter into a multi-year professional services contract. Based on an analysis of similar projects in other states that are comparable in size and scope, the DOA estimates that the total contract cost for this phase of the project will be approximately \$12.9 million. This total cost will be spread over three fiscal years as follows:

FY 98-99	\$	2,700,000
FY 99-00	\$	6,100,000
FY 00-01	\$	<u>4,100,000</u>
TOTAL	\$	12,900,000

Considering the fixed professional services contract cost for ongoing enhancements to the existing ISIS system, the DOA has available professional services contract dollars of \$3.5 million in the FY 98-99 Existing Budget and \$3.4 million in the FY 99-00 Requested Budget for a total of \$6.9 million to fund the first two years of costs. The balance of \$1.9 million is being requested to fund the contract through FY 99-00.

Mainframe Upgrade (\$3.4 million)

The DOA currently has a mainframe that has approximately 165 MIPS of CPU power. In order to provide the additional processing power required by the Human Resources system, it will be necessary to upgrade to an IBM R46 mainframe.

The hardware upgrade purchase will cost approximately \$1.3 million which will be financed through the LEAF program. Based on a financing term of two years at current rates, the estimated monthly payments would equate to approximately \$57,616; six months cost for FY 99-00 totals **\$345,696**.

As a result of the upgrade, maintenance costs on the mainframe will increase by approximately \$7,655 monthly; six month cost for FY 99-00 totals **\$45,930**.

Due to the increased size of the mainframe and the number of new application servers, the cost associated with the Disaster Recovery contract is estimated to increase approximately \$10,000 monthly; six months cost for FY 99-00 totals **\$60,000**.

The largest increase in cost, however, is in software licenses. The upgrade to the R46 mainframe will result in an increase in license fees of **\$2.9 million**. This increase is a one-time charge and a fixed cost. The fee increase is due at the time of upgrade, so the full amount is required for FY 99-00.

DEPARTMENT OF ELECTIONS AND REGISTRATION

1) Presidential Preference Election

\$3.3 Million

The Department of Elections and Registration is requesting \$3 million in State General Fund for conducting a statewide Presidential Preference Primary Election in March, 2000. This election is required by law (R.S. 18:1280.21-27) and is held every four years. This election is held to allow voters in the state the opportunity to express their preference for a nominee of their party for president.

2) Acquisition of Voting Machines

\$1,886,292

The Department of Elections and Registration is requesting \$1.5 million to replace mechanical voting machines with electronic ones in the parishes of Tangipahoa, East Feliciana, and Plaquemines. The total cost of the new AVC Advantage Voting machines is \$1,750,500. There will be 205 in Tangipahoa, 50 in Plaquemines, and 45 in East Feliciana. The new electronic machines will each cost \$5835.

The parishes will also each need 2 AVC Cartridge Readers. These cartridge readers connect to the personal computer and are utilized by the technicians in the warehouse to program the AVC voting machines and by the clerk of court to obtain election results from the AVC voting machine cartridges. The total cost of each AVC Cartridge Reader is \$20,000. There will be 2 in each of the 3 parishes for a total of \$120,000.

In addition to this, each parish will need 2 computers and 2 laser printers. One will be used for the Clerk of Court and one will be used for the warehouse. The total cost of each computer and laser printer is \$2,632. The total cost of adding 2 to all 3 parishes will be \$15,792.

DEPARTMENT OF AGRICULTURE AND FORESTRY

1) Northeast Boll Weevil Eradication

\$28.7 million

In FY 98-99, the Boll Weevil Eradication program was appropriated \$13.4 million in statutory dedications. Of this \$13.4 million, \$8 million went to debt service of a loan secured from Hibernia Bank and \$5.4 million went to the Red River Boll Weevil eradication project.

For FY 99-00 the department is requesting \$28,748,032 in statutory dedications for the expansion of the Boll Weevil Eradication program. Of this \$28 million, \$7.5 million will come from farmers (\$15 fee per acre) and \$21 million will come from a \$50 million loan the department secured from Hibernia Bank. The expanded program will include areas outside of the Red River Eradication Zone. This will allow full eradication of the boll weevil statewide. The strategies for the program are to effectively survey and monitor all acres of cotton for boll weevils in the eradication zone and effectively treat all acres of cotton that are infested in the eradication area. Of this \$28 million, \$20 million will be used to pay for purchase and application of the chemical used in the eradication process and \$4.5 million will be used for salaries. The department anticipates a separate appropriation of \$8 million to pay FY 99-00 debt obligations associated with the bank loan.

DEPARTMENT OF INSURANCE

1) Major Expansion of Market Conduct Examinations

\$1,247,000

The Commissioner of Insurance proposes a major expansion of department activities dealing with unfair or illegal market conduct by insurance companies and their agents. Only four persons now perform these examinations, usually performing major examinations on an emergency basis. This request would add 21 new employees and allow contract examination work. The proposed source of financing is State General Fund. This is the first time that State General Fund has been proposed for insurance examination activities in over a decade.

DEPARTMENT OF ECONOMIC DEVELOPMENT

OFFICE OF THE SECRETARY

1) Economic Development Award Program (EDAP) \$14,450,000

EDAP assists communities in the location and expansion of industry by providing grants for infrastructure improvements required for such location and expansion. During the last session, the program was appropriated \$6.8 million in State General Fund, all but \$825,000 of which was allocated to specific projects. The department is requesting a continuation level of \$6.8 million, and an additional \$14.4 million to meet the estimated \$20 million demand for funding to finance these projects that were funded through the capital outlay process before the creation of the program.

2) UNO Research Technology Park— U.S. Navy Information Technology Center Phase III \$3 million

The request for \$3 million in State General Fund would allow the expansion of the Navy Information Technology Center into its third phase. Over \$12 million was allocated to this project between FY 97-98 and FY 98-99. The project is estimated to have created 1,100 permanent jobs as of December 1998. Phase III includes the construction of a fourth building to be completed in Year 2000 at a cost of approximately \$12 million.

An additional \$3.25 million in state funds is requested in the continuation budget to replace the monies taken from EDAP to fund part of the project in the current fiscal year.

3) Regional Initiatives Program (RIP) \$1 million

The Regional Initiatives Program was established in FY 97-98 to stimulate regional economic development efforts by encouraging public and private organizations to combine their financial and leadership resources to market their shared strengths. During its first year of operation, RIP funded 17 projects ranging from industry targeted marketing studies to funding manufacturing projects. The department is requesting an additional \$1 million in State General Fund to finance the 8 projects (totaling \$400,000) that were not funded last year, and to fund new projects as well.

**4) Louisiana Partnership for Technology and Innovation
(LAPTI) Contract**

\$350,000

In the past, the department has contracted with LAPTI—and entered into a \$245,000 cooperative endeavor in the current fiscal year—to support its mission of providing assistance to Louisiana technology-based businesses and start-ups. This assistance involved enhancing the ability of businesses to create high impact technologies, and improving the use of competitive technologies to modernize current and future manufacturing industries. These state funds would be used to continue these activities.

OFFICE OF COMMERCE AND INDUSTRY

1) Small Business Development Centers

\$297,300

These centers provide training, in-depth management and technical assistance to existing or prospective small business owners. This request for State General Fund would raise the budget for SBDCs to over \$549,000. Funds would be employed to pay for the operating costs of the new LSU technology-oriented SBDC, to upgrade reference materials, and to provide for the salaries and operating expenses for 5 new counselors to be located at selected centers.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

**1) Increase Balance of the
Louisiana Economic Development Fund**

\$14.3 million

The department is requesting over \$14 million in general fund to be appropriated to the La. Economic Development Fund in order to fund future financial assistance projects. These funds would restore the \$6 million removed in 1997 to finance the Naval Reserve Information Systems Office, and the \$8.3 million used in 1998 to fund the Boll Weevil Eradication Project.

DEPARTMENT OF CULTURE, RECREATION AND TOURISM

1) State Aid to Public Libraries

\$500,000

The State Library is requesting an additional \$500,000 for state aid to public libraries, which would bring the total funding level of this program to \$2 million. \$1.5 million was appropriated for this purpose in FY 98-99. These funds would be targeted for acquisition of computer and telecommunications technologies by local libraries, including further automation of library operations.

2) Cultural Development - Tourism Economic Enhancement

\$1 million

DCRT is requesting \$1 million in State General Fund to be distributed by the Division of Historic Preservation to significantly enhance the economic impact of heritage tourism. The purpose of this funding would be to capitalize upon Louisiana's rich architectural heritage to develop new tourist attractions to increase Louisiana's overall importance as a tourism draw. This proposal would provide a year by year increase in significant tourist resources by targeting properties listed in or eligible for the prestigious National Register of Historic Places. It would fund stabilization/restoration work needed to enable properties to be open to tourists as plantation life interpretive centers.

DEPARTMENT OF LABOR

1) Workforce Investment Act of 1998

The Workforce Investment Act (WIA) rewrites current federal statutes governing job training, adult education and literacy, and vocational rehabilitation programs. While most programs remain separate, the summer and year-round youth programs have been consolidated. The major emphasis of the Act is to improve the coordination of services. To accomplish this goal, it links the programs mentioned above in several ways. One major link is through the state Workforce Investment Board (WIC)—the State's Workforce Commission—which is responsible for developing a unified state plan for workforce development. Another linkage is established through the creation of the One-Stop Delivery systems for several programs including Welfare-to-Work, Job Placement, Adult Literacy, and Vocational Rehabilitation.

At this stage, the Louisiana Department of Labor does not anticipate a reduction in federal or state funding streams; however, the Act will require significant regulatory revisions. Additionally, sanctions of up to 5% of the state's grant for the adult, dislocated worker, or youth programs could be levied for the failure to meet expected performance levels for two consecutive years.

STATE CIVIL SERVICE

1) Move to North Capital Complex

\$500,000

The Department of State Civil Service is requesting an increase of \$500,000 in Interagency Transfers (IATs) to fund the move to the North Capitol Complex. This request is for updating active and inactive files of state employees, presently in manual drawer file cabinets, to a new more efficient electronic storage and retrieval data system. The new system is needed because the manual system's storage and retrieval of information is a very time consuming and labor intensive task. In addition to this, the old system will require a large amount of space in the new building and the cost of maintenance continues to rise each year. Cost estimates for the new electronic system include a total of \$162,460 for acquisitions, \$120,000 for professional services (includes training and consulting), and \$83,000 for imaging software.

DEPARTMENT OF HEALTH AND HOSPITALS

MEDICAL VENDOR ADMINISTRATION

1) Additional Cost of FY 98-99 Initiatives	\$1,412,794 SGF
	\$1,862,794 FED

Many new initiatives started this year will require additional costs in FY 99-00. The most expensive of these is the relocation of several field offices. Two parish offices are being relocated in the current year, and seven additional offices are scheduled for relocation in 1999-90. Additional rental cost will be \$1,721,524, half of which is State General Fund.

A second major annualization is the cost for positions added to monitor MR/DD waiver clients. Eighteen positions in the Medical Vendor Administration Program and ten in OCDD were created in 1998-99 to effectively enroll and monitor service delivery for some 3,400 MR/DD waiver clients. The DHH cost for these positions is \$754,988, half of which is State General Fund. Additional proposed payments to OCDD are \$450,000, all of which is Federal funds.

Annualized cost adjustments in new contracts for pharmacy audits and for case management will require DHH to spend an additional \$349,076 in FY 99-00, half of which is State General Fund.

2) Fiscal Intermediary Contract	\$1,100,000 SGF
	\$1,100,000 FED

The fiscal intermediary contract includes two adjustments that are considered mandatory. First is a \$1.2 million increase to cover the postage increase. The second is a Federal Government proposal to validate the fiscal intermediary's data processing systems for Year 2000 compatibility at a cost of \$1,000,000. Both of these items require a 50% state match.

3) Other Spending Increases	\$3,680,608 SGF
	\$5,045,229 FED

DHH has also proposed several enhancements to improve enrollment of new eligibles and to better serve its existing clients. These are listed below:

<u>Activity</u>	<u>Total Cost</u>	<u>Positions</u>
Additional Application Processing	\$1,623,719	18
Medicaid Eligibility Computer System	\$1,600,000	0
Other Computer System Upgrades	\$1,032,000	0
Additional Staff (all areas)	\$1,030,672	27
Pay upgrade for Eligibility Workers	\$1,400,000	0
Additional LACHIP Outreach	<u>\$2,039,446</u>	<u>0</u>
Total for Expanded Activities	\$8,725,837	45
Total State Match cost	\$3,680,608	

DHH has also proposed additional eligibility expansions in the MR/DD waiver, LACHIP and TEFRA programs. The administrative cost of these expansions is discussed below in specific items dealing with the proposed program expansions.

MEDICAL VENDOR PROGRAM

1) Medicaid State Match Financing \$51,000,000 SGF

Based on current program costs, changes in the Federal match rates are very modest and will require only about \$162,000 in new state matching money. However, the FY 98-99 budget used some \$50.8 million in non-recurring funds from overcollections and Statutory Dedications. With this included, financing adjustments totaling \$51 million must occur to continue the same dollar expenditure next year.

In past years, DHH has been able to “self-finance” some Medicaid costs with overcollections. However this option has been declining steadily and is no longer a meaningful source for three reasons. First, any current overcollections are based on audits of prior year activity, and these opportunities are being exhausted. Second, charity hospitals are now using the proceeds from any audit settlements to maintain their own operations at budgeted levels. Third, excessive Disproportionate Share payments in earlier periods may create debts to the Federal Government that offset any gains from audit settlements.

As a result, the state match to replace this non-recurring revenue is likely to require additional State General Fund.

2) Medicaid Program Spending Summary

Budget projections for FY 98-99 show that Medicaid is operating at a \$27.8 million projected deficit when compared with the total appropriation. This

potential deficit results from a \$31.3 million over-budget projection in the optional Pharmacy program and a \$13 million deficit in the mandatory hospital payments. The pharmacy spending is due to sharp price increases earlier this year and to more intensive use of high cost drugs. The higher than expected payments to hospitals are for in-patient services. These and other projected deficits are partially offset by small surpluses in other private provider payments, a \$6 million surplus in public provider payments and a \$7.7 million surplus in the Medicare Buy-in program.

DHH has also projected substantial expenditure growth for FY 99-00. This is shown in the comparative table below.

<u>Program</u>	FY 97-98 <u>Actual</u>	FY 98-99 <u>Appropriation</u>	DHH FY 99-00 <u>Projection</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
Private Providers	\$1,951,537,409	\$2,004,134,865	\$2,202,087,495	\$197,952,630	10.1%
Public Providers	\$372,029,540	\$385,016,341	\$412,026,942	\$27,010,601	7.3%
Medicare Buy-in	\$83,226,142	\$89,383,150	\$90,205,896	\$822,746	1.0%
Total	\$2,406,793,091	\$2,478,534,356	\$2,704,320,333	\$225,785,977	9.4%

The state match needed for these new expenditures will be almost \$67 million.

As projected by DHH, this \$225.7 million growth includes all adjustments required by existing reimbursement rules, plus anticipated service growth in each provider area. The primary sources of this growth are as follows:

- Inflation – \$49 million;
- Annualization of new FY 98-99 programs – \$31.4 million
- Additional pharmacy costs – \$49.6 million
- Audit settlements with hospitals (private – \$35 million, public – \$27 million) and other providers – \$4.1 million
- Nursing home rate rebasing – \$22.7 million
- Other adjustments – \$7 million

Three issues concerning these cost estimates should be of some concern from a policy viewpoint. First, these estimates do not include any adjustment for this year's projected shortfall in the Medical Vendor Program.

Second, the cost of several waiver programs seems to be escalating rapidly. For example, MR/DD waiver slots, projected to average \$24,000 each last year, have an estimated annual cost of \$30,000 or more this year. Moreover, this rising average cost affects all existing slots, resulting in a sharp increase in the program

costs. Similar increases occur with the Elderly/Disabled and Adult Day Health waiver programs. Only the LACHIP program annualization cost of \$18.4 million is consistent with the expected second year cost projections made by DHH last year.

Third, these estimates do not include any additional money for cost increases in state hospitals or state MR/DD facilities. The details of these requested increases are discussed elsewhere in this report, but could total at least an additional \$38 million.

3) New or Expanded Services and Eligibility

Notwithstanding the large increases discussed above, DHH has proposed several new expansions. The most significant are listed below along with DHH's estimate of program and administrative cost.

	<u>Service Cost</u>	<u>Adm. Cost</u>
Maternal and Child Health – Nurse Home Visits	\$ 1,912,743	
Non- Emergency Transportation – Ambulances	\$ 771,679	
Physicians Services – rate increases	\$20,000,000	
MR/DD Waiver – Additional 800 slots (phase-in)	\$11,543,420	\$1,435,726
LACHIP – expand to 150% of FPL (phase-in)	\$ 8,697,645	\$ 796,600
Elderly Disabled Waiver –500 slots (phase-in)	\$ 4,246,575	
Outpatient Hospitalization – rate increase	\$17,202,856	
Hospice Services – New Program	\$ 6,703,074	
TEFRA – new eligibility for certain disabled persons (20% of full cost in third year)	<u>\$ 5,227,572</u>	<u>\$ 980,210</u>
Total cost of new Services or Eligibility	\$96,546,629	\$3,212,537
Total State Match Required	\$28,621,552	\$ 953,160

The administrative cost includes 70 new positions, 52 of which will monitor the services received by new MR/DD and TEFRA eligible clients.

OFFICE OF PUBLIC HEALTH

1) State Match for Federal HIV/AIDS funding \$3,050,000

These funds would be dedicated to the provision of medications (principally, antiretroviral/protease inhibitor combination therapy drugs) used to treat low income/uninsured HIV+ citizens of Louisiana. The requested funds would provide the state match required to draw down all \$11.8 million available Federal funds for this purpose.

2) School-based Health Center Initiative **\$1,018,176**

This State General Fund request is based on establishing 16 new centers by the year 2000 in addition to the 33 centers currently in operation, including three positions. First year costs include planning for new centers, including grants of up to \$50,000 to interested communities to conduct needs assessment, identify locations and sponsoring agencies, and develop community support. Costs in the second year would grow to \$2.6 million with review and award of grants of \$150,000 to 16 centers.

3) Maternal/Child Health Nurse Visitation program **\$1.7 million**

This request includes \$1,298,912 in Medicaid funds and \$430,177 in State General Fund and would provide for the education, training and monitoring of first-time mothers and their infants who fall under 133% of the Federal Poverty level. This service would be provided by contract nurses and would be available for the first two years of the eligible child's life.

4) Individual Sewerage Program/ Sanitary Code Revisions **\$409,559**

Due to recent revisions in the State Sanitary Code, and to the increased monitoring responsibilities inherent in those changes, additional funding and 11 positions have been requested for the Individual Sewerage Program to accommodate these new monitoring responsibilities.

OFFICE OF MENTAL HEALTH

Community-based Services

1) Increased cost of Anti-psychotic medications **\$7,189,000**

Due to increased drug costs in general and the availability of newer, more effective, but also more expensive medications, the average cost of anti-psychotic medications the agency uses has increased dramatically over the last few years. This class of medications has increased in price this year more than any other captured by the Consumer Price Index and in some ways represents the one volatile element within an otherwise uncharacteristically stable medical inflation picture. The agency anticipates that this class of medications will comprise approximately 33% of the agency's entire pharmacy budget. This request also includes funds that would go to the Capitol Area Human Services District and the Jefferson Parish Human Services Authority.

2) Security at Mental Health Centers and Clinics **\$1,365,000**

This State General Fund request would provide additional security personnel and equipment, including metal detectors, security mirrors and cameras, and alarm systems, for mental health centers throughout the state, including the Capital Area Human Services District and Jefferson Parish Human Services Authority. OMH cites security concerns due to the number of individuals served who are experiencing psychotic symptoms of their mental illness and are at risk of being dangerous to themselves or others.

3) Expansion of Hospital Admissions Review Program **\$1.4 million**

The current admissions review program funded by \$400,000 in State General Fund has been implemented in Regions 1 and 7 and has resulted in a marked change in readmission rates for children treated in psychiatric hospitals (from approximately 50% to 5%). The agency proposes to expand this program to all 64 parishes. The program is designed to reduce utilization of hospital-based care when community-based services are more appropriate, allowing children to remain in their homes and continue school while receiving treatment. Funding for this request includes \$490,792 in Medicaid funding and \$936,416 in State General Fund, including 32 positions.

OFFICE FOR CITIZENS WITH DEVELOPMENTAL DISABILITIES

1) Waiting List Reduction Initiative **\$9,324,060**

Currently there are over 9,700 individuals on the MR/DD waiver waiting list, 4,325 of whom receive no community-based support services through OCDD. This request would provide family support and case management services to 1,200 of these individuals as they continue to wait for a Medicaid waiver slot. Approximately 10% of these funds would be set aside to provide community integration skills training to individuals who are presently in the Supported Living Program.

2) Cash Subsidy Expansion **\$849,852**

The cash subsidy of \$258 per month is paid to families to offset the extraordinary expense for care of children with severe or profound developmental disabilities. Additional slots provided in FY 97-98 addressed needs of families on the waiting list for services since January 1, 1994. This additional State General Fund is requested to provide for an additional 500 slots to address needs of families waiting for service since January 1, 1996 and is to be phased-in on a month-by-month basis. Annualized cost for the following fiscal year is \$1,548,000.

Hammond Developmental Center

- **Staff-to-Client Ratio Increase** **\$991,751**

This request for increased State General Fund support and 20 positions includes 15 additional Nurses, 1 additional Psychiatrist, and 4 Respiratory Care Therapists. This request is based upon the U.S. Department of Justice recommendation to increase the current Patient Care staff to Client ratio of 1.95:1 to 2.06:1

- **Expansion of Vocational Services Contract** **\$200,000**

Also based upon a Department of Justice recommendation, this request would provide job placement services for an additional 17 clients. There are currently 11 clients receiving this assistance.

OFFICE OF ALCOHOL AND DRUG ABUSE

- 1) **Drug Courts** **\$3.2 million**

A drug court is a special court given the responsibility to handle cases involving less serious drug-using offenders through a supervision and treatment program. These programs include frequent drug testing, judicial and probation supervision, drug counseling, treatment, educational opportunities, and the use of sanctions and incentives. The court works with offenders who have no previous drug convictions or history of violence. Almost all drug courts exclude offenders charged with sales of drugs, possession for sale of drugs, or other serious offenses. Funding under the federal Crime Bill excludes participation by any offender that has been charged with a violent offense or who has a prior conviction for a violent crime.

There are currently drug courts in 11 judicial districts, providing approximately 600 treatment slots at \$2,500 each. These are located in Orleans, East Baton Rouge, St. Mary, Lafayette, Alexandria, Caddo, Desoto, Monroe, St. Tammany, Jefferson, and Livingston. For FY 99-00 \$3.2 million is required to continue existing programs (\$2.5 million in federal grants and \$750,000 State General Fund). An additional \$3.2 million is requested for a standardized treatment element for those drug courts currently operating, as well as those applying for federal implementation grants. \$1.4 million of the requested amount would expand the number of treatment slots in existing drug courts to about 1,880. In addition, \$1.8 million would be used to fund 700 new slots in Leesville, Lake Charles, Oak Grove, Houma, Vidalia and Shreveport.

The state cost of incarcerating offenders is approximately \$13,000 per year in state correctional facilities, or \$8,000 a year in local jails. The cost of a drug court slot is \$2,500 for a two-year treatment program. Fully funding the proposed 2,580 drug court slots represents an annual savings to the state in the cost of handling these offenders of between \$14.2 million and \$27 million.

DEPARTMENT OF SOCIAL SERVICES

OFFICE OF THE SECRETARY

1) Pay Upgrade for Computer Personnel \$847,000

The department is requesting \$847,424 (\$128,978 State General Fund and \$718,446 in IAT) in response to a shortage of computer personnel resulting from a high demand for such personnel to make Year 2000 system changes. This request would fund the Counsel of Information Services Directors recommendation to Civil Service to increase pay scales of information technology workers. The agency estimates that it would be required to hold 18 vacancies open to finance the upgrade, if additional funds are not appropriated.

2) Additional Licensing and Certification Personnel \$349,500

This request to be funded by an increase in licensing fees, represents an 18% increase in the current budget and would add nine new positions—3 Program Managers, 4 Licensing Specialists, and 2 support staff—to the current staff level of 38. Since welfare reform in 1996, more recipients have been working and are in need of more child care. In response to the increased demand, from FY 96-97 to FY 98-99 the number of Class “A” day care facilities licensed rose by 12%, and the number of family day homes registered rose by 49%. Additionally, the welfare reform law requires that these family day care homes meet certain guidelines in order to serve recipients of child care subsidies. These changes have affected the workloads of both the clerical and licensing staff. The workload of the six clerical staff who deal primarily with licensure is currently 693:1. The average workload of the 24 Licensing Specialists is approximately 144:1, while the average caseload recommended by the Legislative Auditor in 1992 was 75:1.

OFFICE OF FAMILY SUPPORT

1) Provide for Administrative License Suspensions \$318,000

Currently, licenses are suspended judicially by the courts. As of June 1998, 360 or 6% of the 6,000 referrals have been suspended to help increase the collection of child support arrearages. This request for \$317,958 (\$108,106 in State General Fund) would change the process from a judicial one to an administrative procedure. It requires hiring three Administrative Law Judges and three clerical staff. In other states, such as Maine, which was one of the first to institute a license suspension program, this method has proven effective in helping increase child support collections for welfare recipients. If this request is funded, the agency expects to increase total child support collections by 10.8% over FY 99 levels.

2) Increase Child Care Assistance Program Funding Level \$5.7 million

The amount of Federal funds available to the agency for the Child Care Assistance Program is over \$16 million. However, the agency is currently allocated \$12.3 million. This request of \$5,720,253 would bring the amount appropriated for the program to the total amount allocated to the state by the federal government. It requires a state match of \$1,699,199. If the agency received this extra funding, it would undertake outreach efforts to inform low-income families that could qualify for the program.

OFFICE OF COMMUNITY SERVICES

1) Implementation of the Adoption and Safe Families Act (ASFA) of 1997

ASFA is essentially a federal child reform law aimed at enhancing the safety and well-being of children, and ensuring such children have permanent placements. The law balances family preservation and reunification with the health and safety of children. This law reenacts the Family Preservation and Support Services program under a new name, “Promoting Safe and Stable Families”, for another five years and amends the Foster Care and Adoption Assistance program.

Key provisions and changes include:

- The definition and clarification of “reasonable efforts” at Family Reunification
- Establishment of new “reasonable efforts” requirement to move children towards adoption or other permanent homes
- Requires permanency hearing at 12 months after a child enters foster care, rather than 18 months
- Requires states to file a petition to terminate parental rights in certain circumstances
- Requires states to provide health insurance coverage for children with special needs
- Creates adoption incentive payments to increase the number of adoptions
- Requires states to collect data on a set of outcome measures in order to receive Federal funds

While this legislation will not have great impact on the funding of the programs it covers, several statutory changes are necessary to ensure state compliance with ASFA. Other fiscal issues related to the Adoption Subsidy and Residential Family and Foster Family Board Rates described below are indirectly related to the fulfillment of ASFA provisions.

2) Increase the Adoption Subsidy to 100% of the Foster Care Board Rate **\$2.28 million**

The purpose of the Adoption Subsidy Program is to ensure permanency for children with “special needs”. The program provides additional financial resources for many children whose permanence plan is adoption and for whom no homes have become available. Currently, these subsidies are limited to 80% of the foster care board which creates an incentive to maintain these children in foster care versus moving them on to the more permanent solution of adoption. This request of \$2,280,278 (\$1,087,074 in State General Fund) would increase the adoption subsidy to 100% of the foster care board for the 3,000 current recipients.

3) Increase the Residential Family Board Rate **\$1.5 million**
Increase the Foster Family Board Rate **\$2.0 million**

Both requests represent an effort by the department to address the gap in payments when compared to the USDA recommended levels. The request for \$1,501,889 (\$715,994 in State General Fund) residential family board has been frozen at \$100.75 since 1993. It would also assist providers who have also not been compensated for an increase in federal minimum wage requirements which has affected an estimated 420 positions based on FY 95-96 data. The department is requesting \$2,032,887 (\$969,136 in State General Fund) to increase the foster family board from \$370 to \$380 and the adoption subsidy (based on the current 80% of the foster family board) bringing them closer to the USDA recommended cost for rearing a child in the urban south (\$411 in FY 98-99).

4) New Therapeutic Foster Care and Residential Treatment Beds **\$2.6 million**

The department is requesting \$2,565,631 (\$1,386,164 in State General Fund and \$175,000 in Self-generated Revenues) to add 34 residential treatment beds and 20 intensive therapeutic foster care placements. The monies would allow the DSS to continue its ongoing efforts to address the problem of inadequate placement settings for children with special needs. In FY 98-99, the department received over \$1.8 million (\$1.28 million in State General Fund) to add 42 therapeutic foster care placements. This year’s request represents phase two of a plan to decrease the number of children being placed less than appropriate settings.

5) State Automated Child Welfare Information System **\$8.2 million**

The source of funds for this request is a one-time appropriation from the federal Social Services Block Grant (SSBG) which requires no matching state funds. These monies will continue the office's automation plan. A total of \$5.1 million will be used for professional services, \$2 million is allocated to purchase hardware, and \$1.1 million will be used to cover the purchase of the necessary software and installation costs. Funding this program will help the agency comply with a number of mandated data collection requirements. FY 00-01 implementation costs would equal approximately \$2.5 million.

LOUISIANA REHABILITATION SERVICES

1) Enhance Assistive Technology Resources for the Disabled **\$1,460,000**

Based upon 1990 census data and a 1995 survey conducted by the Robert Wood Johnson Foundation, the agency estimates that Louisiana has approximately 83,000 potential consumers of Assistive Technology devices and vocational rehabilitation services. Louisiana Rehabilitation Services provided over 1,000 assessments leading to the purchase of these devices in federal fiscal year 1997. This request would address the gap in service delivery through two separate projects.

The first uses \$1.3 million (\$276,900 Self-generated, \$1,023,100 Federal) to create mobile outreach programs providing assessments in four areas of rural Louisiana. These funds would be used for the start-up costs of the program. In its first year, few clients will be served. However, the agency projects that the 144 clients would be served in the second year and 192 in the third year.

The second request involves allocating \$160,000 (\$34,080 Self-generated and \$125,920 in Federal funds) to coordinate the exchange of surplus Assistive Technology devices. A provider will be used to set up the database, keep inventory of surplus equipment, and provide services to the LRS consumers.

2) Fulfillment of Workforce Investment Act Requirements **\$674,465**

The Workforce Investment Act of 1998 mandates that the state develop a system that links the Vocational Rehabilitation agency with the state workforce investment system in order to assure coordination and avoid duplication of services. LRS proposes to fulfill this mandate with the request for \$674,465 (\$143,661 in State General Fund) to house one Rehabilitation Counselor and one Rehabilitation Counselor Associate at each of the eight regional One-Stop Career Centers for a total of 16 new positions.

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

1) Increase in Transportation Trust Funds (TTF) \$79,900,000 TTF **and Federal funds for Transportation \$54,000,000 FED**

Current estimates indicate that low prices and other factors are favorably influencing TTF fuels tax collections. This is most timely, as State General Fund surpluses to finance overlay next year are unlikely. Based on current estimates for TTF balances and anticipated revenues, a total of \$79.9 million more than 1998-99 recurring spending will be available to allocate among various TTF financed programs in FY 99-00. About \$54 million of this is accumulated fund balances, which have been gradually falling for the past four years. This trend suggests that caution should be used in making large recurring expenditure increases in TTF.

The new TEA-21 Federal Highway spending authorization has increased the Federal funds available substantially in the past two years. For FY 98-99 a total of \$352 million is available, an increase of \$100 million over FY 97-98. Anticipated Federal Highway moneys for FY 99-00 will be about \$406 million, a \$54 million increase. These new moneys allow a faster pace for construction lettings, but they will also generate the need for additional pre-construction work by DOTD or its consultants. This is discussed in more detail below.

2) Expansion of High Priority Activities \$45,300,000

The initial DOTD budget request included four areas for increased State General Fund spending, as shown below. However, as discussed above, the TTF estimate increased in the most recent revenue forecast. This makes it likely that TTF money will be used for these projects rather than State General Fund.

Overlay	\$30,000,000
Contract Maintenance Projects	\$10,000,000
Mowing Contracts	\$ 3,800,000
Rest Area Security	\$ 1,500,000

The overlay request is a 100% increase from current State General Fund overlay funding of \$15 million from FY 97-98 supplemental appropriations. This plus the Highway Priority Program overlay will maintain total overlay spending at \$150,000,000. Current funding for contract maintenance projects is \$13.4 million, all of which is TTF. The mowing contract request represents a 19.5% increment to the current \$19.5 million for this activity that is also continued next year. Rest area security is a new request in response to the recent concerns about the condition and safety of the interstate rest areas maintained by DOTD.

3) Proposed Operating Budget Enhancements

\$8,987,142

In order to effectively utilize the increase in Federal funds, DOTD has asked for substantial increases in both personnel (53 positions) and other operating expenditures. Some 23 of the new personnel will be assigned to district offices for field design and project management activities. Thirty new employees will be placed in the highways or planning and programming functions. Of these, twelve are in administrative functions, eight are in design functions, six are in maintenance and four are in safety related functions.

There are also current negotiations between DOTD and the administration that may add several more positions by the time the administration submits its budget in February.

4) Changes in Highway Priority Program Funding

**(7,700,000) TTF
\$54,000,000 Fed**

As initially proposed by DOTD, TTF for capital outlay is \$133 million, down by \$7.7 million from TTF appropriated in FY 98-99. At the same time, Federal funds for highway projects increases to \$406 million from \$352 million this year. This is the second major increase in Federal funds resulting from the 1998 Federal Transportation Act, or TEA-21. In FY 98-99, estimated Federal funds increased from \$252 million to \$352 million.

One important financial issue resulting from these additional Federal funds is a higher state match requirement. To meet the FY 98-99 match requirement (\$70 million from TTF), DOTD has constrained state funded projects to only about \$11.1 million in new spending. It has also allocated Federal funds of \$20 million to TIMED projects, which allows TIMED money to provide the match.

In its preliminary FY 99-00 capital budget, the additional Federal funds will require additional state match (at 20%) of \$13.5 million. However, DOTD has not asked for additional state funds, either from TTF or State General Fund, to pay this cost. Instead, it plans to rely on cash management to cover much of this state match. As a result, the proposed state match in the capital program falls from \$70 million to only \$45 million for FY 99-00, which includes \$15 million for match on Federally financed overlay projects. Only \$30 million remains to match an estimated \$346 million in federally funded construction. Based on historical project mix, the minimum requirement is closer to \$60 million.

5) Other Capital Project Funding

\$11,800,000 TTF

Two other increases are proposed in the DOTD capital spending program. The first is \$20 million for State Funded Construction, an increase of \$5.2 million over FY 98-99. The second is an additional \$6.6 million for contract maintenance projects, which will bring the TTF total amount for these projects to \$20 million (plus an additional \$10 million from SGF).

6) Other DOTD Issues

Although not part of the preliminary budget request, DOTD has also promoted plans for a closure of some and major upgrade of other interstate rest areas. A draft report proposes closing 13 units, modernizing an additional 17 units and adding another I-49 rest area near Natchitoches. The projected cost is \$20.2 million. Existing Federal funds may be used for this effort, but the department has not indicated the exact funding mix or how it proposes to finance the three-year program to improve these facilities.

As in FY 98-99, the proposed construction budgets for the statewide port and flood control priority programs have very limited new appropriations of \$100,000 each. Both programs will use accumulated balances of prior year appropriations to start projects. If the final amounts are comparable to last year, then approximately \$10 million for flood projects and \$25 million for port projects will require future funding to complete, bringing the total future funding commitment to \$70 million for the two programs.

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS

CORRECTIONS SERVICES

1) Prison Bed Expansions

\$11.6 million

The FY 99-00 Budget Request includes expansion of bed capacity at various locations as identified below:

<u>Beds</u>	<u>Expansion Type</u>	<u>Total Funds</u>	<u>T.O.</u>
C. Paul Phelps			
150	cellblock	\$1,961,103	52
24	utilize existing space	\$100,070	2
Avoyelles			
64	utilize existing space	\$377,106	8
La. Center for Women			
100	continuation of court ordered expansion utilizing existing space	\$920,987	23
Dixon			
140	Blue Walters Treatment expansion	\$1,309,566	27
Elayn Hunt			
30	utilize existing space	\$106,322	1
14	utilize existing space	\$72,333	1
David Wade			
42	special needs dormitory	\$565,744	23
Washington			
84	utilize existing space	\$690,325	18
New Adult Beds			
648		\$6,103,556	155
Youth Development			
152	Contract with Acadiana Correctional Center for Youth	\$5,563,200	-
Total New Beds			
800		\$11,666,756	155

The FY 99-00 Continuation Budget includes funding in the amount of \$5.2 million for the opening of 548 beds for 6 months. It is anticipated that the Department will submit a BA-7 in February to shift funds from the Office of

Youth Development, Contract Services which were not expended at the Tallulah and LaSalle facilities to fund expansions at the state adult facilities and shortfalls in the Sheriffs' Housing budget.

2) Civil Service Adjustments

\$23.9 million

\$21.8 million for a 14% base pay supplement. Last year Civil Service proposed a market grade adjustment of two GS levels for POST certified enforcement personnel which would require state agencies to give a 7% increase to employees and would authorize up to 10.5%. There was not a commitment on the part of the Division to fund this increase so as an alternative, Civil Service proposed and approved the following flexible adjustment plan for personnel effective July 1, 1998. **Agencies have the discretion to apply the plan as needed.** If no funds are appropriated, these increased costs would have to be absorbed by the agency.

- Special entrance rates of up to 30% of base salary up to mid-range are allowed. This allows new hires a higher entrance rate; existing personnel have to be included but only up to the new rate. The ranges may vary between position titles, but must be consistently applied within titles. Base supplements of up to 14% of the maximum rate can be applied to all positions effectively stretching the pay range, allowing merit increases and promotions to those individuals who are were at the maximum for their range. **DOC chose to apply a 14% increase to actual base salaries for all Correctional Officers from Cadet through Colonel.**

\$435,708 for skilled trades positions. This is a two-level market grade adjustment for skilled trade positions as approved by Civil Service, to take effect January 1, 1999.

\$1.7 million for an earned leave adjustment. Civil Service Rule 6.25 (c) states: *Compensatory leave earned hour for hour may be accrued up to a maximum of 360 hours in any calendar year And further....All unused compensatory leave earned hour for hour and credited to an employee may be paid upon his separation or transfer from the department in which he earned it at the final regular rate received by the employee, excluding premium pay, shift differential, and non-cash compensation.* A proposed amendment would eventually prevent the loss of compensatory leave earned for employees below GS11 in the General Schedule and MS 56 in the Medical Schedule.

3) Prison Rehabilitation Pilot Program

\$1.2 million

Funds requested would be used to fully implement the Prison Rehabilitation Pilot Program at adult institutions first appropriated funds by Act 138 of the 3rd

Extraordinary Session of 1994. This would establish the program at the remaining sites (Phelps, Angola, WTF North and Wade) which were not part of the phase one implementation. The program, including 16 positions, consists of an educational station, a vocational station and an after-care treatment program in which an in-prison case manager prepares inmates for upcoming release and a community resources specialist supervises and monitors former inmates for 12 months following release.

4) Probation and Parole Officers

\$17.2 million

The Continuation Budget of the department includes \$2.5 million and 57 positions to maintain the existing workload of 68 units per officer. An additional \$14.7 million and 368 positions is requested for FY 99-00 to reduce the workload to the mandated 50 units per officer.

Maintain existing workload of 68 units per officer. Supervision is based on a risk/need evaluation instrument which measures the offender's risk to society and his need for services. R.S. 15:571.20 mandates an overall workload of 50 units per officer. Studies of the offender population have shown that the agency needs to maintain 59% of the population on maximum supervision, 23% on medium supervision, and 17% on minimum supervision. This equates to approximately 70 offenders per officer. Based on the projected workload of 53,926 offenders for FY 98-99, existing staff of 538 officers would have 68 workload units per officer. To maintain these levels of supervision, an additional 38 field officers and 19 related staff is requested for a total of \$2,485,168. This includes \$964,272 for salaries and related benefits, \$268,774 for operating expenses and \$1,236,642 for acquisitions.

Reduce workload to mandated 50 units per officer. To reduce the workload to the mandated 50 the agency is requesting an additional \$14,738,711 for 245 additional officers and 123 related support staff. The increase includes \$4,971,938 for salaries and related benefits, \$1,737,225 for operating expenses, and \$8,029,098 for acquisitions.

5) Sheriff's Housing of State Inmates

Shortfall in FY 98-99

\$6.0 million

Shortfall in FY 99-00

\$22.9 million

The existing budget for this program is \$110 million. This is based on the average number of 12,810 inmates housed at \$22 per day. As of July 1998, the actual average number of inmates exceeds this average. As a result, there is a projected shortfall of \$6 million which will require a supplemental appropriation for FY 98-99.

The total projected number of inmates housed per day for FY 99-00 is approximately 15,826 adults and 392 juveniles. This requires funding in the amount of \$132.8 million, an increase of \$22.9 million from the current budget. The department monitors 97 participating facilities that house state inmates. As of June 1998, the department had signed 29 cooperative endeavor agreements for adult beds. As a result, the department has already gained access to approximately 920 beds. Additional approved beds still under construction will add approximately 2,643 beds for use by Corrections Services. Funding includes an additional \$7 per day for debt service for the following parishes Morehouse (257 beds), Natchitoches (250 beds), Sabine (104 beds) and Vernon (298 beds).

PUBLIC SAFETY SERVICES

1) Traffic Enforcement Expansion

\$11.5 million

The Manpower Allocation Study published in February 1996 defines manpower needs of the Louisiana State Police in terms of traffic enforcement personnel. The computer model uses formulas to determine the manpower needs for patrol areas based on population density, urbanization, highway miles, shift designs, relief factors and daily traffic counts. The study recommends 805 road troopers to effectively patrol the highways. State Police currently has 412 road troopers or 51% of the recommended manpower. The department is requesting 162 additional troopers to provide State Police with 71% of the recommended level. The request includes \$1,085,513 for salaries, \$170,176 for operating services and supplies, \$33,615 for professional services, \$461,906 for uniform and academy costs and \$3,352,752 for acquisitions.

2) DNA Data Base

\$3.7 million

\$2.7 million and 12 positions for testing of sexual and violent offenders is requested to meet the mandates of Act 737 of the 1997 Legislative Session which requires a DNA program be operational by September 1999. Due to problems encountered by other states, and the large volume of samples anticipated, this work will be contracted out to a private lab. The additional personnel will be utilized to manage and analyze the data obtained from DNA collections and establish a usable DNA data bank. It is anticipated that the information will serve all law enforcement agencies in the state and greatly enhance the probability of identifying and convicting suspects. This State General Fund request includes \$446,597 for salaries, \$88,875 for travel, \$45,740 for operating services and supplies, \$2,100,000 for professional services and \$88,200 for acquisitions. However, effective September 1, 1999, a mandatory cost of \$250 will be imposed on any person convicted of a felony sex offense or other specified offense and

deposited in the DNA Detection Fund which for use by the state police to assist in carrying out the provisions of the data base exchange.

Additionally, \$967,088 and nine positions is requested for DNA Forensic Analysts to collect evidence from crime scenes and analyze it to obtain a DNA profile. Once a profile is established, the analyst will enter the information into the DNA databank and search for possible suspects. The request includes \$440,453 for salaries, \$97,000 for training two forensic serologists, \$22,575 for operating services and supplies, \$75,000 for professional services (technical advisor) and \$332,060 for acquisitions and repairs (structural modifications to lab)

3) Louisiana Bureau of Criminal Identification and Information \$ 1 million

\$738,514 and five positions are requested for technical support for the Sex Offender and Child Predator Registry to meet the mandates of Act 1147 of 1997 which requires the department to establish a central registry of sex offenders as part of the Louisiana Bureau of Criminal Identification and Information. This State General Fund request includes \$141,674 for salaries (4 civilian and 1 Sergeant), \$163,820 for operating services, \$9,442 for travel and supplies, \$5,086 for uniform and academy costs, and \$418,492 for acquisitions.

\$221,379 and four positions is requested for the Field Services and Quality Assurance Section of the Bureau as mandated by R.S. 15:577. Personnel would develop and implement this section by training, supervising and monitoring sheriff's offices and police departments in the collection of criminal history information. The request includes \$120,590 for salaries (4 civilians), \$8,389 and \$92,400 for acquisitions.

DEPARTMENT OF NATURAL RESOURCES

1) Wetlands Conservation and Restoration Fund

\$14 million

Coastal Restoration projects create, restore, enhance and conserve vegetated coastal wetlands. These projects are funded primarily with Federal funds in accordance with Coastal Wetlands Planning, Protection, and Restoration Act (CWPPRA), Water Resources Development Act, Federal Emergency Management Agency (FEMA) and other federal programs.

Article VII, Section 10.2 of the constitution provides for deposits to the Wetlands Conservation and Restoration Fund as follows:

- 1) Automatic deposit of the first \$5 million of mineral revenues.
- 2) The \$10 million between \$600 and \$610 million of mineral revenues.
- 3) The \$10 million between \$650 and \$660 million of mineral revenues.

The maximum deposit for the fund is \$25 million in any one year. The balance of the fund may not exceed \$40 million. On November 18, the Revenue Estimating Conference established revenue projections at \$5 Million for the fund. This is due mainly to the declining oil prices and subsequent loss of mineral revenue. The state match portion for all of these projects is usually provided through the Wetlands Conservation and Restoration Fund. However, DNR is requesting \$14 million in State General Fund for the state match portion of the federal Coastal Wetlands Planning and Protection Act (CWPPRA), special projects and for administrative costs.

DEPARTMENT OF REVENUE AND TAXATION

1) Personnel Funding Issues

\$4,123,000

The Office of Revenue has identified three issues dealing with staffing in its budget request that will have an impact on its ability to process tax returns and collect taxes in FY 99-00 and has requested \$4.123 million to address these.

The first issue is the full funding of salaries for existing staff, including vacancies. Salary projections for FY 98-99 show that the agency is \$2.125 million short of fully funding salaries and related benefits, which equals a 6.3% attrition rate. This is a relatively high forced vacancy rate, which has reduced the ability to fill collection-oriented positions.

The second staffing issue is the pay level for clerical, data entry and temporary employees. Increases in the minimum wage and the generally strong economy have made it difficult to fill entry level full-time jobs (many are still in the \$12,000 - \$15,000 annual salary range) and turnover is an estimated 60%. A similar recruitment problem exists for temporary employees during income tax filing season. These persons are now paid slightly over minimum wage. Requested funding of \$538,000 would allow payment of \$6.50/hour for these seasonal employees and \$7/hour for the permanent clerical employees.

Third, the Office of Revenue has identified 19 additional positions it believes necessary to maintain current performance. The estimated cost for these new employees is \$1.46 million.

2) Unavoidable Cost Increases

\$892,000

Anticipated increases in leases, automatic pay adjustments mandated by civil service, building and computer maintenance charges will require an additional \$892,000 in State General Fund next year.

3) Alcohol and Tobacco Commission – Increased Enforcement

\$418,500

ATC proposes additional employees and overtime to increase its enforcement efforts and manage the Responsible Vendor Program implemented this year. The request for \$418,500 in Self-generated Revenues includes seven additional positions, and \$100,000 for overtime pay and travel cost for existing enforcement personnel. Fees collected from retail alcohol and tobacco vendors will finance both expansions.

DEPARTMENT OF ENVIRONMENTAL QUALITY

1) Drinking Water Revolving Loan Fund

\$5.7 Million

The Department of Environmental Quality (DEQ) is requesting \$5.7 million in State General Funds for the state match required for Federal funds for the Drinking Water Revolving Loan Fund, established pursuant to 1996 amendments to the federal Safe Drinking Water Act and state legislation enacted during the 1997 Regular Session. Since 1997, the federal government has provided over \$40 million in funding for this purpose. An allotment of an additional \$10 million will be made available to the state in November of 1999. Since 1997, the 20% state match for the total \$50.3 million in Federal funds is \$10 million, for which \$4.3 million has already been provided. The purpose of the Drinking Water Revolving Loan Fund is to provide financial assistance for the planning, design, construction, and rehabilitation of both publicly and privately owned community water systems and of nonprofit non-community water systems. Such financial assistance is in the form of loans, loan guarantees, or reserve and security for leveraged loans, which will be provided in accordance with a state priority list and plan.

2) Municipal Facilities Revolving Loan Fund

\$3.0 million

DEQ is requesting \$3 million in State General Fund to provide the remaining state match required for Federal funds from EPA for capitalization of state municipal revolving funds, administered by DEQ's Municipal Facilities Revolving Loan Program. Since 1988, the federal government has provided over \$191.5 million in funding for this purpose. An allotment of an additional \$15 million will be made available to the state in October 1999. Since 1988, the 20% state match for the total \$206.5 million in Federal funds is \$41.3 million, for which \$38.3 million has already been provided in the form of state appropriations, capital outlay funds, and proceeds from revenue bond sales. The Municipal Facilities Revolving Loan Fund provides loans and other financial assistance to municipalities and sewer districts for the following: planning, design, construction, and rehabilitation of publicly owned wastewater treatment facilities; implementation of pollution management programs; and the development and implementation of estuary conservation and management plans.

DEPARTMENT OF WILDLIFE AND FISHERIES

1) Aquatic Plant Control

\$5.4 million

Since the inception of an aquatic weed control program in Louisiana, department activities have been directed primarily toward the water hyacinth. More recently, two relatively invasive species, hydrilla and salvinia, have been introduced to the state. The cost of controlling hydrilla, a submersed plant, and salvinia, a floating species, is considerably greater than that required for control of water hyacinth. These aquatic weeds damage water bodies by overgrowing and replacing native plants that provide food and habitat for native animals and decrease oxygen concentration. They also make boat travel and boat ramp access difficult. The Office of Fisheries is requesting State General Fund to expand the Water Hyacinth Control Program and implement a herbicide treatment program to control hydrilla and salvinia in selected public water bodies statewide.

Expanded Water Hyacinth Control Program

The total request of \$2,229,594 includes an additional 27 positions, \$462,669 for personnel services, \$971,825 for operating expenses, and \$524,500 for acquisitions and major repairs.

Hydrilla Control Program

Estimates include \$3,109,306 for operating services and supplies. Water bodies targeted for hydrilla control include: Black Lake (Natchitoches Parish), Caddo Lake, Chicot Lake, Henderson Lake, Iatt Lake, Larto-Saline Complex, Lake Bistineau, Lake Boeuf, Lake Martin, Smith Bay (Grassy Lake WMA), Southport Lake, Spanish Lake, and Spring Bayou WMA.

Salvinia Control Program

Estimates include \$190,526 for operating services and supplies. Salvinia control efforts will be implemented in various public water bodies located throughout south Louisiana from New Orleans to Lake Charles and below Interstate 10.